

. S-E-C-R-E-T

FET

TO : Chief of Base, Munich/LD EGGA-1106
INFO : COS/G EE FE BOB FOB 32W 5-29/2
FROM : Chief of Base, Hamburg 20 November 1958
SUBJECT: UPSWING/LCHARVEST/CAHELM/Operational No Indexing Required

Deutsche China-Gesellschaft

ACTION REQUIRED: See Paragraph 1.

REFERENCE: EGMA-37932, dated 24 October 1958

1. We consider the information provided by UPSWING in Reference superficial and to some extent inaccurate. (This does not apply to UPSWING information previously reported on Wolf SCHENKE personally.) This is perhaps due to a natural reluctance to discuss details with KUBARK without getting something in return. It may also be due to a lack of good sources in the DCG. In this connection we see little operational advantage in passing KUBARK information to UPSWING, and we want to emphasize again that information based on the CAHELM operation should not be passed to UPSWING.

2. Regarding paragraph two of Reference, it is probable that the individuals named (Hjalmar SCHACHT, Werner Otto von HENTIG, Hermann SCHWANN, and Willy Max RADEMACHER) are active along the lines reported by UPSWING, but with the exception of Schwann, none of them appears to play a leading or policy-making role in the DCG. The "division of responsibility" among these four men, if true, would be a largely formal delegation of responsibility. It is true that von Hentig, for example, does a lot of traveling on behalf of the DCG and Schenke jokingly refers to him as his "foreign minister", but von Hentig definitely does not belong to Schenke's inner circle. Schenke undoubtedly uses Schacht as an economic adviser, but the latter rarely, if ever, appears at DCG Vorstand meetings. Rademacher's name has been almost non-existent in CAHELM reports, but perhaps Schenke sees him privately; Stammberger, Nellen, and Schwann appear to be most active in contacting Bundestag and governmental circles. Schwann, incidentally, has recently been talking about starting a new political party and tried to interest Schenke in the idea.

3. The UPSWING report on Claus RICKMERS is probably true; he appears to be a major financial supporter of the DCG.

4. The UPSWING report concerning DCG negotiations with the Chinese Embassy in East Berlin to obtain financial support appears somewhat contradictory to CAHELM reports which indicate that Schenke is very close to Chinese officials in Berne and intends to deal almost exclusively with Berne and Peking (see HAMB 657).

5. Regarding the UPSWING report of DCG plans to send its representatives to China, "probably as journalists", we have two separate reports from CAHELM on this subject. One report (para. 5, EGGA-972, 6 June 1958) indicated that the DCG wanted to set up a German liaison office in China under DCG auspices. More recently (para. 6, EGGA-1078, 23 October 1958) CAHELM reported DCG plans to

/send a 15-man

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send a 15-man delegation to China in the spring of 1959. The "journalist" idea may be something new or a garbled version of one of the plans reported by CAHELM.

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